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EGYPT-SYRIA-PLO-JORDAN

Egyptian, Syrian, and Palestinian officials on Saturday ended two days of talks in Cairo with a statement supporting the Palestine Liberation Organization as the "only legitimate representative of the Palestinian people." This represents a significant concession to the PLO by Egypt. President Sadat in July had joined Jordan's King Husayn in declaring that the PLO represented only Palestinians residing outside Jordan.

Sadat almost certainly modified his stand to reduce the likelihood of a Palestinian attempt to subvert further progress in Middle East negotiations and to ease his recently strained relations with PLO Chairman Yasir Arafat.

Arafat will interpret the Egyptian move as a major victory. He is likely to remain apprehensive about the extent of Egyptian support, however, because the communiqué failed to provide for a Palestinian role in negotiating an Israeli withdrawal from the occupied West Bank.

The omission from the communiqué of any direct reference to the West Bank or to Jordan suggests that Cairo is still insisting that Amman take the lead in negotiating an Israeli withdrawal. Sadat probably hopes that by standing fast on this concrete issue, he will temper Husayn's reaction to Egypt's concession to Arafat on the less tangible issue of representation of Palestinians.

Jordan has reacted strongly to Egypt's repudiation of its earlier pro-Jordan stand. According to a government communiqué issued yesterday, Jordan has "frozen" its position until the Arab summit--now scheduled for late October--and will not participate further in negotiating activities, including preparations for another session of the Geneva peace talks, until that time.

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Jordanian officials yesterday cited the results of the two-day Cairo conference as the reason for Amman's refusal to meet with representatives of Egypt, Syria, and the PLO to work out a common Arab policy. The invitation for a larger meeting was extended to the Jordanians by Syrian Foreign Minister Khaddam, who stopped in Amman on his return to Damascus from Cairo to report the results of the tripartite meeting to King Husayn.

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CUBA

President Dorticos' speech on Saturday appears to be a deliberate attempt to make it more difficult for the Organization of American States to agree on lifting the sanctions imposed on Cuba in 1964.

At an event honoring visiting Tanzanian President Nyerere, Dorticos made a point of lauding a Cuban army officer who had served with anti-Lisbon guerrillas in then-Portuguese Guinea and was recently amnestied by the Spinola government. He promised that "in Latin America the future course of history will also be that of the triumph of liberation movements," despite "temporary setbacks such as Chile."

The Cuban President also cited US press sources as acknowledging that Cuba's pace of development--despite the so-called blockade--had outstripped that of those countries supported by the Alliance for Progress, and he noted that this had been predicted by Che Guevara when the Alliance for Progress was initiated.

He had warm praise for Venezuelan President Carlos Andres Perez' public reply to President Ford's UN address, and he characterized President Ford's remarks as a "threat against Venezuela, its people, and its legitimate economic interests." He pledged Cuba's solidarity and moral support against alleged US blackmail, "despite the fact that we have no official or diplomatic relations with Venezuela," and guaranteed continued Cuban support for "the cause of liberation."

Dorticos' references to liberation movements, Che Guevara, and the guerrilla adviser, came less than 24 hours after the OAS had voted unanimously to convene a meeting of foreign ministers to study lifting the sanctions. His speech was apparently designed to make it extremely difficult for certain OAS members to vote for lifting sanctions, which were originally imposed because of Cuban support for subversion.

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The Castro regime prefers a sharp split in the OAS on the sanctions question in the hope of damaging the organization itself. Dorticos' kind words for Venezuela were meant to tempt the Perez administration to forgo joint action through the OAS and instead unilaterally restore ties with Cuba--a move likely to compromise OAS unity. Havana is confident that the sanctions--if they are not lifted--will eventually be bypassed by most OAS members and recognizes that a formal agreement to lift them is aimed more at preserving the OAS than at satisfying Cuba.

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GREECE-TURKEY-CYPRUS

The agreement to begin a general release of all prisoners this week indicates that acting Cypriot President Clerides may be willing to compromise on the larger question of a population transfer.

In his meeting with Turkish Cypriot leader Denktash last Friday, Clerides agreed to allow Turkish Cypriot prisoners to travel to the Turkish-controlled sector in the north. Another sign of flexibility on Clerides' part is his reported agreement to permit the UN peace force to transfer Turkish Cypriots out of the Larnaca area on the southeast coast to the Turkish-controlled area.

Clerides and Denktash will meet the question of population transfers head on next Friday when they take up the subject of family reunification. The Greek Cypriot leader probably hopes that by letting some Turkish Cypriots move north, the Turks will be more flexible about returning Greek Cypriot refugees to their homes.

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Meanwhile, the governments in both Greece and Turkey are turning their attention to internal politics. In Athens, there are press reports that several cabinet ministers, including Foreign Minister Mavros, are expected to resign to campaign for elections. Prime Minister Karamanlis has not officially set a date, but the press quotes informed sources as saying the elections will probably be held on November 24.

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In Ankara, Prime Minister Ecevit is meeting strong opposition to his effort to gain approval for new elections this year. Leaders of both the Justice Party and the Republican Reliance Party have announced they will oppose a call for new elections. The Democratic Party, with whom Ecevit is seeking to form a new coalition, has opposed holding elections before next year but is reconsidering the question. Democratic leader Bozbeyli said he would have an answer for Ecevit on Tuesday after he meets with his party's executive council.

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USSR-CYPRUS

The visit by Soviet Deputy Foreign Minister Ilichev to Ankara, Athens, and Nicosia kept alive Moscow's proposal for a Cyprus peace conference under UN auspices, but achieved minimal substantive results.

In Athens, Ilichev met with Greek Foreign Minister Mavros. Mavros has told US Ambassador Kubisch that no new ground was covered. Another Greek official who participated in the session with Ilichev put the matter more bluntly, terming the dialogue "a waste of time" since the Soviet side had advanced only familiar themes. Mavros told Ilichev that, while Athens would welcome discussion of Cyprus in "any" forum, it has serious reservations about the ability of a broad conference, such as that proposed by the USSR, to achieve a settlement. After Ilichev left, a high-ranking Greek official briefed Athens newspaper publishers and stressed that the Soviet posture toward Greece is not particularly friendly, noting that Moscow had not interfered against Turkey.

Ilichev was most warmly received in Nicosia. After his initial meeting with acting President Clerides on September 18, the two sides noted their "identity of views" on independence, sovereignty, and territorial integrity of Cyprus. They also called for the withdrawal of "all foreign forces" from the island and stressed the need to find new ways to guarantee its independence. Clerides later stated that the visit would "contribute substantially to the correct facing of the Cyprus problem."

Turkish Cypriot leader Denktash was much less enthusiastic and said after his meeting with Ilichev that he still opposed Soviet efforts to arrange a broader peace conference. The US embassy in Nicosia noted that the initial high level of public interest in Ilichev's visit had dropped rapidly by the time he departed last Friday.

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During his earlier stop in Ankara, Ilichev went out of his way to avoid offending the Turks. He sought renewed Turkish assurances that Ankara is not opposed to a sovereign and nonaligned Cyprus. In return, he offered explicit Soviet approval of a federated state. In a further attempt to keep bilateral relations on the right track, Ilichev promised that Turkish Finance Minister Baykal will have a "most fruitful" visit to Moscow this October.

The Turks did receive the impression from Ilichev's conduct that Moscow is increasingly concerned the situation on Cyprus will become frozen, amounting to a de facto partition that could result in US military use of the island.

Although Ilichev's mission did not break new ground, it has reasserted the USSR's interest in a Cyprus settlement, kept alive the Soviet proposal for an international conference, and enabled Moscow to sound out attitudes toward UN General Assembly debate on the question.

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CAMBODIA

Brigadier General Lon Non has returned to Cambodia after an absence of nearly 18 months. According to press reports, Cambodian President Lon Nol's troublemaking younger brother turned up in Phnom Penh over the weekend. Although last week Lon Nol reportedly had ordered his brother to remain abroad, it is doubtful that Lon Non would have risked returning without the President's acquiescence.

Lon Nol's presence in Phnom Penh for a few weeks need not have serious consequences, although tensions are likely to rise. If the highly controversial general prolongs his stay, some political backlash--particularly from Sirik Matak and fellow members of his Republican Party--seems inevitable.

A major resurgence of political squabbling among Phnom Penh's leadership, generated by Lon Non's return, could only harm Cambodia's cause in the critical credentials battle at the UN. It would also complicate the government's effort to deal with growing popular unrest over recently enacted economic reform measures. [REDACTED]

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CAMBODIA

Popular reaction to the government's recently announced economic reform package has been swift and negative.

Residents in a number of Cambodia's province have been unanimous in their strong criticism of the reform measures enacted on September 15. Their basic complaint is that stiff commodity price increases have not yet been matched by promised salary hikes for civilian employees and military personnel.

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Lon Nol is particularly concerned that once non-combat garrison troops in Phnom Penh and in provincial capitals learn that their pay increases will be substantially lower than those earmarked for combat troops and government functionaries, serious civil unrest--possibly exploited by disgruntled teachers, students, and leftist dissidents--may occur.

The government's sweeping economic reform package was prompted by continuing rampant inflation, the prospect of a substantial cut in US economic aid, and the need to bring domestic prices more in line with world levels. The reform measures provide for greatly increased prices for both domestic and imported rice, for similar steep increases in the price of petroleum products, and for a major devaluation of Cambodia's currency.

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Denmark: The minority Liberal Danish government survived another threat Friday when a controversial tax reform bill passed parliament by a vote of 88 to 40. The bill, which will reduce personal income taxes in 1975, is part of a tax package designed to bolster the sagging Danish economy. Prime Minister Hartling's future is scarcely bright, however, since he can count on only 22 of the 179 votes in parliament.

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